LIBRARY
SUPREME COURT, U. S.

Office-Supreme Court, U.S.
FILED
MAR 4 1959
JAMES R. BROWNING, Clerk

No. 339

IN THE

Supreme Court of the United States

OCTOBER TERM, 1958

JEROME S. SPEVACK, *Petitioner,*

v.

LEWIS L. STRAUSS, ET AL., *Respondents.*

On Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit

---

PETITIONER'S REPLY TO BRIEF FOR RESPONDENTS

CARLETON U. EDWARDS, II,
1000 Vermont Ave., N. W.,
Washington 5, D. C.

JOSEPH Y. HOUGHTON,
1317 F St., N. W.,
Washington 4, D. C.

BERNARD MARGOLIUS,
1000 Vermont Ave., N. W.,
Washington 5, D. C.

Attorneys

INDEX

Page

Summary of Argument in Reply 1

Argument:

I. Respondents' Attempt to Inject a "New Issue" Into the Case at This Stage Is Improper and Should be Disregarded—and in Any Event Contradicts and Is Refuted by the Record 2

(A) Respondents' New Contention Is Not Properly Before This Court and Is in Violation of the Rules and Decisions of This Court .. 3

(B) Respondents' New Contention Is Refuted by the Record 6

(C) Respondents' New Contention Is Untimely and Improper 9

(D) Respondents' New Contention Asks This Court to Assume the Functions of a Trial Court 10

(E) Respondents' New Contention Asks This Court to Disregard the Federal Rules of Civil Procedure 11

II. Respondents Now Concede That They Do Not Have Statutory Authority To Publish a Privately Owned Invention Disclosed to Them in Confidence, Without the Consent of the Private Owner Thereof, Wherefore the Contrary Ruling of the Court Below Should Be Vacated 12

III. Respondents Now Concede That This Case Is Not Moot, Wherefore the Contrary Ruling of the District Court Should Be Vacated 14

IV. Other Contentions in Respondents' Brief, Some of Which Also Are Not Properly Before This Court, Do Not Show Any Meritorious Reason Why the Ruling of the Courts Below Should Not Be Vacated and Why the Temporary Injunction Should Not Issue 14

Page

1. Re pages 25-28 (Respondents' Brief) 14
2. Re page 28 16
3. Re pages 28-30 17
4. Re pages 30-36 19
5. Re pages 36-39 20
6. Re pages 39-42 21
7. Re pages 42-43 21
8. Re pages 43-45 24
9. Re pages 45-47 25
10. Re pages 48-49 25

Conclusion 29

CITATIONS

CASES:

Aktiebolaget Bofors v. *United States*, 194 F. (2d) 145 26
Bofors Case (See Aktiebolaget, *supra*) 26
A. O. Smith Corporation v. *Petroleum Iron Works Co., etc.*, 73 F. (2d) 531 20
Consolidated Middlings Purifier Co. v. *Wolf*, 28 Fed. 814 .....26, 27n.
DeForest Radio Tel. & Tel. Co. v. *United States*, 273 U.S. 236 .....26, 27n.
E. I. Dupont de Nemours Powder Co. et al. v. *Masland, et al.*, 244 U.S. 100 20
General Talking Pictures Corp. v. *Western Electric Co.*, 304 U.S. 175 3
Hebring v. *Lee*, 280 U.S. 111 5
Irvine v. *California*, 347 U.S. 128 4
Manning v. *John Hancock Mut. L. I. Co.*, 100 U.S. 693 8
Mazer v. *Stein*, 374 U.S. 201 5
Myron Wiener v. *United States*, U.S. Sup. Ct. No. 52, Oct. Term, 1957 4
National Licorice Co. v. *National Labor Relations Board*, 309 U.S. 350 4
Overland Co. v. *Packard Co., et al.*, 274 U.S. 417 25
Purifier Case (See "Consolidated" *supra*) .....26, 27n.

Page

Radio Officers' Union v. *National Labor Relations Board*, 347 U.S. 17 5
Ross v. *United States*, 92 U.S. 281 8
Tyrrell v. *District of Columbia*, 243 U.S. 1 4
Woodbridge v. *United States*, 263 U.S. 50 25

REVISED RULES OF THE SUPREME COURT OF THE UNITED STATES:

Rule 23(1)(c) 3
Rule 24(1) 4
Rule 40(1)(d)(2) 3, 4
Rule 40.3 ..... 3, 4

FEDERAL RULES OF CIVIL PROCEDURE:

Rule 8(c) 16
Rule 65(a) 11

MISCELLANEOUS:

1 Jones on Evidence, Fifth Edition, 1958 16
170 ALR 449 27
American Chemical Society Amicus Brief 22
Engineers Joint Council, Inc., Amicus Brief 22, 28

IN THE

Supreme Court of the United States

OCTOBER TERM, 1958

No. 339

JEROME S. SPEVACK, *Petitioner,*

v.

LEWIS L. STRAUSS, ET AL., *Respondents.*

On Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit

---

PETITIONER'S REPLY TO BRIEF FOR RESPONDENTS

SUMMARY OF ARGUMENT IN REPLY

The Respondents' Brief attempts to inject a brand new issue of "implied license" (to publish) or "consent" (to publish) into this case. This issue has never previously been raised in this case, is not within the scope of the "Questions Presented" and does not fall within the category of "plain error" which this Court occasionally considers. It is based upon documents which are not part of the record before this Court (which incidentally in any event do not sustain respondents' contention). This attempt is in violation of the Rules of this Court, as well as its decisions, and should be disregarded in toto. (Point I).

The foregoing attempt is a direct result of a realization on the part of the Respondents (which they now admit) that they and the Court of Appeals were in error in claiming and finding a "statutory authority" to publish (Point II), and that the District Court was in error in finding that the case was "moot" (Point III). This amounts in effect to a "confession of error", and leaves petitioner's contentions practically uncontradicted.

In Point IV, Petitioner sets forth answers to the various futile arguments in respondents' brief as though they were marginal notes on said brief.

ARGUMENT

I. RESPONDENTS' ATTEMPT TO INJECT A "NEW ISSUE" INTO THE CASE AT THIS STAGE IS IMPROPER AND SHOULD BE DISREGARDED—AND IN ANY EVENT CONTRADICTS AND IS REFUTED BY THE RECORD

The Respondents having conceded[1] that they have no statutory authority to publish the Petitioner's invention without his consent, now attempt to find some way, *dehors the record,* to "imply" such "consent".

In other words, the Brief for Respondents admits at pages 16 and 24 that they are without the statutory authority urged and erroneously found below, and now attempts on *certiorari,* to assert *a new affirmative defense.* This attempt must fail because:

(A) Respondents' new contention is not properly before this Court and is in violation of the Rules and Decisions of this Court.

(B) Respondents' new contention is refuted by the record.

---

[1] See Point II, *infra.*

(C) Respondents' new contention is untimely.

(D) Respondents' new contention asks this Court to assume the functions of a Trial Court.

(E) Respondents' new contention asks this Court to disregard the Federal Rules of Civil Procedure.

(A) Respondents' New Contention Is Not Properly Before This Court and Is in Violation of the Rules and Decisions of This Court

While confident of the utter lack of substance of Respondents' new contention of "consent" or "license", we direct attention at the outset to the fact that **it and the documents upon which it is based are not properly before this Court; and should be disregarded** in this proceeding.

Rule 40.1(d)(2) of this Court prescribes that the Petitioner's Brief "may not raise additional questions or change the substance of the questions already presented [in the Petition for Certiorari] . . ." It further specifies that "Questions not presented according to this paragraph will be disregarded save as the Court, at its option, may notice a plain error not presented."

Rule 40.3. prescribes "The brief filed by . . . Respondent shall conform to the foregoing requirements . . ."

Clearly these rules are intended to prevent either party from attempting to inject into a case on review any question not presented to the Courts below, and not presented in the Petition granted by this Court.

Rule 23(1)(c) states that the Court limits the petitioner to the points raised in his petition. *E.g., General Talking Pictures Corp.* v. *Western Electric Co.,* 304

U. S. 175, 177-178; *National Licorice Co.* v. *National Labor Relations Board,* 309 U. S. 350, 357 n. Rule 40.3 similarly limits the respondents. In this respect see also *Myron Wiener,* v. *United States,* No. 52, October Term, 1957, decided June 30, 1958, 26 L. W. 4522, footnote which is peculiarly applicable to this question which states:

> "An earlier *quo warranto* proceeding initiated by petitioner was dismissed; an appeal from this judgment was dismissed as moot by stipulation of the parties. The Government's contention that that judgment estops petitioner from relitigating certain issues in the present proceeding **is not properly here. It was not raised in the Government's Brief in opposition to the Petition for Certiorari** (emphasis supplied) although from the Government's point of view it would clearly constitute a "ground why the cause should not be reviewed by this court." Rule 24(1) of the Revised Rules of the Supreme Court of the United States. In thus disposing of the matter, we do not mean to imply any support on the merits of the Government's claim."

The points raised of course, must properly arise in the record (which is not the case here). *Tyrrell* v. *District of Columbia,* 243 U. S. 1. Of course the Court has the power, under Rule 40(1)(d)(2) which is only occasionally exercised, to notice a plain error not assigned, but this case certainly does not fall in that category.

In the case of *Irvine* v. *California,* 347 U. S. 128, 129, an opinion in which three other Justices joined, Mr. Justice Jackson said:

> "We granted certiorari on a petition which tendered four questions. However, petitioner's counsel has now presented two additional questions.

> . . . Neither of these was mentioned in the petition. **We disapprove the practice of smuggling additional questions into a case after we grant certiorari. The issues here are fixed by the petition** unless we limit the grant, as frequently we do to avoid settled, frivolous or state law questions. **We do not take up the questions numbered 3 and 6 of Petitioner's Brief because they are improperly presented.** (Emphasis supplied).

See also *Mazer* v. *Stein,* 347 U. S. 201, 206, n. 5, where the Court said:

> "We do not reach for constitutional questions not raised by the parties. (citing cases) The fact that the issue was mentioned in argument does not bring the question properly before us. *Hebring* v. *Lee,* 280 U. S. 111, 117."

In addition see also *Radio Officers' Union* v. *National Labor Relations Board,* 347 U. S. 17, 37, n. 35.

It is very clear therefore, that upon the basis of the foregoing Court rules and cases, the Respondents' Brief seeks to raise an additional question not presented to the Courts below or in the Petition, and that such additional question does not relate to any "plain error". Nothing but confusion and chaos can result from condoning such practice. In this case, Petitioner's brief on the merits correctly and properly does not touch on such alleged issue because it was never previously presented either in the Courts below or in the Petition or in the Brief in Opposition. The improper introduction of this alleged new issue has of course required answer hereinafter to protect the interests of the Petitioner; however the fact that we have shown the lack of merit in the alleged new issue does not change the fact that it, and the contracts forwarded to the Clerk, which are not

part of the record, are not properly before this Court and should be completely disregarded.

(B) Respondents' New Contention Is Refuted by the Record

The record shows that the Petitioner has never consented to the threatened publication of his invention (Amended Complaint, para. 18 Pet. Br. 12a, and prayer 2, R. 8, J. A. 8). It shows that even before the District Court, the Petitioner referred to the contracts an incomplete set of which is now sought to be introduced by Respondents [2] (which Petitioner could not then produce because important ones thereof were "classified" in his hands, albeit improperly, as "Restricted Data") and pointed out that in these contracts, and in the *res gestae* leading thereto, he had reserved all of his rights in his invention, *i.e.* his trade secret. (R. 43-45; J. A. 43-45). The District Court record further shows that counsel for Respondents at that time were familiar with the contracts and the reservations therein, and had then agreed on behalf of Respondents that Petitioner's contracts were drawn with the understanding that he reserved "any rights" to his invention as a condition of working for the Government (R. 47; J. A. 47).

Furthermore, Petitioner's affidavit filed with the Court of Appeals (R. 72-76) in Para. 5 averred under oath that well in advance of and as a condition prece-

---

[2] Even with the material mailed to the Clerk on Jan. 22, 1959, and the two additional contracts subsequently lodged with the Clerk by the Respondents on Feb. 3, 1959 (one of which was incomplete and had had deleted from it language showing the broad applicability of Petitioner's invention to materials other than heavy water), the file is still incomplete both as to certain other contract documents and as to correspondence leading to the award contracts which would have to be considered if any attempt were to be made to construe the contracts in an effort to find implications not expressed therein.

dent to any contract with the Commission to prepare a report disclosing the improved process, *"I insisted on reserving all of my rights in my discovery"*, and attached his letter of July 2, 1948 to Mr. Burns of the Atomic Energy Commission so evidencing. This letter (printed as Supplemental Appendix I, p. 24a, herein) is only a part of the *res gestae* of the contracts, part of which was oral. This affidavit and letter, with the averments of the Amended Petition, para. 18 and prayer 2 (R. 8; Pet. Br. 12a), constitute the only matters of record as to the contractual relationships between the parties.

Thus, the unrefuted matter in "the present record" shows that the Petitioner had reserved all of his invention rights (which of course include his right of secrecy and first publication) and indeed Respondents' Brief in Opposition, page 3, and their Brief for Respondents, Page 5, both concede this to be the case, *viz.* (emphasis supplied):

Brief in opposition, page 3:

> **"In this capacity he prepared and submitted a report analyzing the dual temperature process for the production of heavy water including his alleged improvements. Petitioner reserved, however, any invention rights in his alleged new process."** (Emphasis supplied).

Respondent's Brief, p. 5:

> **"It is agreed that in the course of his employment, Petitioner reserved any invention rights which he may have in the improvement."** (Resp. Br. 5).

It is accordingly established: (a) by the record sent up for review that Petitioner did not authorize pub-

lication; (b) that the burden of alleging and proving such authorization as an affirmative defense was on Respondents, and has not been sustained by Respondents; and (c) that all the arguments of pages 25-39 of Respondents' Brief are therefore mere wishful conclusions based on assumptions and not on facts established by the record.[3] Thus, Respondents' contentions, in fact, urge this Court to rest a conclusion of law on an assumption of fact, a matter which this Court has always condemned. *Manning* v. *John Hancock Mut. L. I. Co.*, 100 U. S. 693, citing *Ross* v. *United States*, 92 U. S. 281, 284.

---

[3] In common with their other briefs in this case, the Brief for the Respondents deals loosely with the facts of the case and contains numerous errors and false assumptions and statements, e.g.: *Page 3, last line,* the first application was filed in 1943, not in 1945 (see patent No. 2,787,526); *Page 4, middle,* and *page 9, first complete paragraph,* distort the facts to support false inferences,—under the 1949 arrangement, Petitioner was not employed as a "consultant" but as an independent contractor, the District Court did not find otherwise, and Petitioner does not admit otherwise (see Pet. p. 14, references there made to Complaint, and Finding 3, R. 18, for true facts); *Page 7,* Footnote 4 is erroneous, but this matter has no relevancy here; *Page 7,* there is no evidence of any change of mind (see Pet. Reply to Br. for Resp. in Opp. page 3, pt. 4); *Page 8,* end of point 1, is not supported by the record, and irrelevant (see Pet. Reply to Br. for Resp. in Opp. page 3, pt. 4); *Page 13,* para. 3(a) distorts the facts by misapposition—the original request was on Feb. 1, 1957, the February 19 and March 13, 1957 letters were further requests (see Pet. p. 15, last para. and references to Complaint therein for true facts); *Page 10,* footnote 9, makes false assertions of availability and, if believed abroad, could seriously hinder the prosecution of certain of Petitioner's foreign patent applications, and could put Petitioner to considerable expense and trouble to disprove them. The foregoing are typical of numerous other errors in Respondents brief which will be evident from the record and from the careful "Statement" in Petitioner's brief.

It is accordingly obvious that Respondents' attempt to imply consent is refuted by the record, and hence is without merit.[4]

(C) Respondents' New Contention Is Untimely and Improper

At the outset of part (B) just above we have pointed out that the contracts which were in the control of Respondents in the District Court, were mentioned there, but that Petitioner could not produce them because some of them were documents classified by Respondents as "Restricted Data" *albeit* improperly.

The record shows that Respondents, who could have done so, did not produce any of the contracts between the parties in the Courts below; it of course being then as well within their power to declassify and produce them as it is at this time; that Respondents did not contend for an "implied license" in the Courts below, and that the Courts below made no finding of such.

---

[4] Of course the Respondents' contention that the right to "use" includes the right to publish, is fallacious. The statutes providing for compensation for "use" of an invention by the Government (28 U. S. C. 1948 and 35 U. S. C. 183) authorize an eminent domain taking of a license to use or manufacture *the invention* by or for the Government, but they do not contemplate an eminent domain taking of a right to publish an invention guaranteed by other laws to be kept secret. Further, that "use" does not "require publication" is evidenced by the fact that the invention concededly was "used" in the Dana and Savannah River plants from 1950 to the present time without any need for publication of the invention as an incident to such use. Also, both the Respondent's Application to Construe or Modify, and the action of the Chief Justice thereon entered Feb. 5, 1959, recognize that materials necessary for "use", or even for adaptation, of facilities, need not be "published", and can be communicated in confidence when communication is necessary to "use" of an invention. Respondents desire to "publish" thus obviously is a matter entirely distinct and separate from any "right to use the invention under appropriate provision for compensation".

It is therefore very clear that Respondents present endeavor to belatedly introduce a contention of "implied license" is not a case of newly discovered evidence, but a case in which the Respondents' New Counsel at this late date are attempting to invent a new theory of defense, and belatedly to produce a part of the documents which Respondents could have produced earlier, and to ingraft strained and distorted interpretations thereon, not intended by the parties, in an effort to support such new theory. Such practice is obviously improper and should not be condoned by this Court.

(D) Respondents' New Contention Asks This Court to Assume the Functions of a Trial Court

If Respondents had declassified the contracts and submitted *all* of them to the District Court, and *if* that Court had then considered the correspondence and other relevant evidence, including oral testimony, on direct and cross-examination, forming the *res gestae* of the contracts, and showing the interpretations put on them by the parties when executed and during their performance, then it would have been the function of the Trial Court to decide, not whether by the wildest stretch of the imagination one might make the new contentions now presented by Respondents, but whether, on a preponderance of the evidence, such contentions could be considered as within the subject matter dealt with and contemplated by the contracts.

There is no propriety in the effort of Respondents to have this Court perform functions of a District Court, even aside from the fact that such action is sought on the basis of incomplete and insufficient evidence.

(E) Respondents' New Contention Asks This Court to Disregard the Federal Rules of Civil Procedure

In effect the Respondents brief takes a position they might have taken before the District Court, but did not, namely: "We do not have authority to publish the Petitioner's invention without his consent, but we contend that we obtained his consent, not expressly, but by an implied license, and that for this reason we should not be enjoined from making the publication." If this contention had been made before the District Court, that Court could not properly have ruled on such matter, which would be completely dispositive of the case, without a "hearing" and the proper submission of evidence under the safeguard of cross-examination. Otherwise the ruling of the District Court would have been improper as failing to comply with the requirement of Rule 65(a) of the Federal Rules of Civil Procedure (*cf.* Pet. Br. 40-41).

Here Respondents seek to have this Court make a ruling that the contracts imply something other than what they say, based on a consideration of only a part of the evidence, without a hearing, with no knowledge of the *res gestae,* or of the interpretations mutually placed on the contracts by the parties, and without the safeguard of cross-examination. It thus seems evident that what the Respondents seek is a disregard of the Federal Rules of Civil Procedure and this would be wholly improper even before a Trial Court, and that for this reason also Respondents' arguments are out of order and should be given no weight.

II. RESPONDENTS NOW CONCEDE THAT THEY DO NOT HAVE STATUTORY AUTHORITY TO PUBLISH A PRIVATELY OWNED INVENTION DISCLOSED TO THEM IN CONFIDENCE WITHOUT THE CONSENT OF THE PRIVATE OWNER THEREOF, WHEREFORE THE CONTRARY RULING OF THE COURT BELOW SHOULD BE VACATED

Respondents' Brief in effect concedes the untenability of their former position, always previously urged by them, that they had "statutory authority" to publish information communicated to them in confidence without the consent of the owner thereof. The court below so held, and respondents so understood the holding.[5] But now the respondents virtually confess error in this holding, and agree that they do not have the authority to publish without the consent of the petitioner.

The record presented here shows very clearly that *no such "consent to publish" was ever sought by Respondents from Petitioner, or granted to Respondents by Petitioner.* Thus: the complaint alleged absence of Petitioner's consent (R. 8, J. A. 8); as did paragraph 18 of the amended complaint (Pet. Br., p. 12a). The unrebutted allegations must be regarded as true in determining whether or not a complaint "states a cause of action on which relief can be granted."

Furthermore, respondents' position before the District Court and the Court of Appeals was that they *did not need* the consent of Petitioner to publish, because they were "authorized by statute" to do so, and such was the ruling of the Court below. Respondents never asserted below any consent, either express or implied, and the rulings below are devoid of any reference to consent.

---

[5] "Whether or not the process was owned by the United States" (Br. for Resp. in Opp. p. 10).

Indeed, even Respondents' prior briefs before this Court[6] show no reliance on any consent allegedly obtained from Petitioner, although they do show a post-certiorari realization of the non-existence of the previously urged "statutory authority", coupled with unsuccessful attempts to save the situation (from Respondents' viewpoint) by contentions of *de minimus*, "commingling", and other plaintive but irrelevant arguments.[7]

It is thus clear that actually the Respondents now concede that they do not have statutory authority to publish Petitioner's confidenially communicated information without his consent, and confess that the Court below erred in deciding that they did have such authority on a record containing Petitioner's unrebutted allegation under oath negativing any consent to the threatened publication.

It accordingly seems agreed that the rulings of the Court below, submitted for review by the first four questions presented (Pet. 5-12) were in error, and should be positively set aside.

---

[6] See Argument 3(a) "Brief for Respondents in Opposition", (Oct. Term, 1957, No. 641, p. 10), which states in part: "In any event, the statute conferred authority upon Respondents to release information of the category involved in this case . . .". See also "Brief for the Respondents in Opposition", in the instant case, p. 21 which states: ". . . respondents are clearly authorized to publish invention rights not owned by the United States . . . [because commingled by respondents with matters owned by the United States.]"

[7] The latest of these "arguments of desperation", made in Respondents' Brief, an attempt to invent an implication of consent contrary to all the facts and the record, is disposed of in part I hereof. The other arguments, common to Respondent's Brief in Opposition, are shown to be without merit in Part IV hereof and in the Petitioner's Reply to Brief for Respondents in Opposition, and hence need not be repeated here.

III. RESPONDENTS NOW CONCEDE THAT THIS CASE IS NOT MOOT, WHEREFORE THE CONTRARY RULING OF THE DISTRICT COURT SHOULD BE VACATED

Respondents now not only concede, but also deem the rulings of this Court in No. 641, October Term 1957 to hold, that this case is not moot. In Footnote 2 (Resp. Br., p. 2-3) Respondents state:

> "... it now appears to us that, in remanding for amendment of the complaint in No. 641, this Court rejected a finding of mootness on the present record."

It accordingly seems agreed that the ruling of mootness by the District Court, not reached by the Court below, and preserved by the 5th and 6th questions presented (Pet. 12, 13), should be positively set aside for the reasons set forth in Petitioner's Brief.

IV. OTHER CONTENTIONS IN RESPONDENTS' BRIEF, SOME OF WHICH ALSO ARE NOT PROPERLY BEFORE THIS COURT, DO NOT SHOW ANY MERITORIOUS REASON WHY THE RULING OF THE COURTS BELOW SHOULD NOT BE VACATED AND WHY THE TEMPORARY INJUNCTION SHOULD NOT ISSUE

In this section, for convenience our comments are presented as though they were marginal notes on Respondents Brief; paragraph numbers are merely for purposes of reference.

1. *Re pages 25-28.* In an effort to support their contentions that Petitioner's conduct authorized the publication in question, Respondents quote from Petitioner's Reply to the Brief for Respondents in Opposition, out of context, since their quotation omits the balance of the sentence, which reads: "not for publication and destruction of his proprietary rights there-

in." Carrying their contentions in this regard to their ultimate conclusion would mean that Respondent at anytime, at their pleasure, and regardless of Petitioner's reserved rights, and without bargaining for the right to publish or for his foreign patent rights, could have published with an international scope, and possibly prevent petitioner from obtaining a single foreign patent, any one of which might be invaluable. The folly of such a contention is ridiculous.

Their contentions that he also acquiesced in their allowing inspection of the plants and manuals, because he knew that his data was included herein is equally foolish. He had no reason to know they would propose to violate his right of secrecy, nor that there would be any reason to exhibit the manuals except to parties in privity with them in confidence or that his data would be included in manuals proposed to be published.

The truth of the matter is, the Respondents gave no regard to Petitioner's rights, assumed that they would not be hampered in anything they wanted to do, and that there was no one who could stop them in doing what they desired to do.

Throughout their brief, such as on p. 27 and p. 29, Respondents complain and emphasize the difficulty that they have been put to as a result of the fact that they incorporated Petitioner's process into manuals they now wish to publish. But they placed themselves in this predicament or dilemma. They could have legally negotiated and acquired the rights of the Petitioner which they now claim but which they never did acquire. Furthermore, the effects of Petitioner's conduct, if any, are matters for a trial court, but have yet to be presented to such a Court.

2. *Re p. 28.* Respondents, after very quickly and with great facility having invented a "license" then contend that Petitioner has not sustained his burden of showing a specific reservation. Apparently they are speaking of the "burden of proof". Among other flaws in their contention, they have attempted to place the burden of proving an affirmative defense of license upon the wrong party. The burden is theirs—before a trial court. F. R. C. P. 8(c) reads in part as follows:

> "(c) Affirmative Defenses. In pleading to a preceding pleading, a party shall set forth affirmatively * * * *license* (emphasis supplied) * * * and other matter constituting an avoidance or affirmative defense."

It is axiomatic that the burden of proving an affirmative defense rests upon the one asserting it—in this case the respondents. See 1 Jones on Evidence, Fifth Edition, 1958, 375 where it is stated: (under the heading of Burden of Proof, Party Upon Whom It Rests—Defendant—Affirmative Defenses).

> "To the general rule that, in the absence of any evidence whatsoever on either side, the plaintiff must necessarily fail in his action an exception exists where the defendant, admitting the allegations of the plaintiff's cause of action, sets up an independent defense. In this case the defendant takes the initiative and becomes the actor—that which he affirms he must prove or his defense fails * * *"

In this connection see also Point I(B) *ante,* as to the sufficiency of the allegations of lack of consent in the complaint, which must be taken as established at this stage of the case.

3. *p. 28-30.* Respondents argue that Petitioner has not sufficiently reserved his rights. For purposes of determining whether the complaint states a cause of action, the allegations that petitioner reserved his rights, *i.e.,* had not consented to publication, must be accepted as true. As heretofore pointed out, (See p. 7, point I(B) *ante*) respondents concede in their brief in opposition to the Petition, p. 3 and on p. 5 of Respondents' Brief that Petitioner reserved "any invention rights" he had.

The argument voiced would only be applicable had petitioner parted with *all* of his invention rights except those reserved, and failed to specifically reserve the right of publication.

But even if the contracts, which are not in the record before the Court, are considered, they do not show the "grant" of a power to publish to respondents. There is no "grant" of anything. The first three contracts ((AT (30-1) 428), ((AT (30-1)-736)), and ((AT (30-1)-759)) all provide that the "Contractor" (not "grantor" or "licensor") is engaged to "prepare a report evaluating the SAM dual temperature process for the production of heavy water. . . ." During this period he was merely informing Respondents what his new process was and what he believed it would do, and apparently there was no intention at this time by respondents to do any more than consider whether they might wish to test and use this process.

In the next contract in point of time,—((AT (30-1) 732)) Petitioner as "contractor" agreed "to render such technical assistance as the Commission may request. . . ." Contracts AT (07-2)-13, AT (07-2)-20, and the extension thereof by letter dated August 1, 1952 all refer to Petitioner as "contractor." These last

three contracts, just mentioned, and a fourth contract with Carbide and Carbon Chemical Company, which were entered into after the Commission decided to pilot plant test and use the process, all contained, either expressly or by reference a clause substantially as follows (emphasis supplied):

> "It is understood and agreed that neither this agreement nor any compensation paid hereunder, nor any of the provisions of Article V above, shall apply with respect to or affect *any* rights under the Atomic Energy Act of 1946 (as amended), *or otherwise,* that the Contractor may now or hereafter have *in and to such improvements* made between the aforesaid dates."

This language of "general reservation" obviously cannot properly be construed to be a "general conveyance" as contended by respondents.

Other facts which would indicate that no license to publish was granted are:

1. Petitioner was always referred to as "contractor", not "licensor" or "Grantor" or some similar designation indicating a conveyance of a right.

2. Practically all of the contracts contain a provision such as paragraph 6 of the first one above mentioned that "Either the contractor or the Commission may terminate this contract by giving the other notice in writing at any time." This is not consonant with acquisition of a right to publish.

3. In none of the contracts is the word "license" or any derivative therefrom, mentioned.

A full consideration of the "*res gestae*" of these contracts, including the Petitioner's letter to Mr. L.

Burns, of the A. E. C. of July 2, 1948, (R75) would further reveal that there was no contract to convey the "right to publish". (See Supplemental Appendix I, p. 24a, *infra.*).

Other matters urged by respondents in these pages are sufficiently discussed in Point I, *ante.*

4. *Re. pages 30-36.* In their Point IB2, Respondents contend that the clear implications of Petitioner's dealings with the Commission indicate that no restriction on publication was intended.[8] What the dealings actually indicate is that no desire to acquire any right to publish was ever voiced by Respondents or contemplated or bargained for by the parties.

Respondents argument loses sight of the fundamental difference between matters necessarily incident to the enjoyment of a license to make and use an invention; and matters not necessary thereto. For example, a license to make and use does carry with it a so called "resulting license" under other patents controlled by the licensor to the extent necessary to enable the licensee to do what he purchased the right to do, which matter, of course, is not here involved.[9] But a license to make and use an invention does not carry with it any license to sell, and similarly a license or eminent domain right to "use a secret process" obviously cannot properly be construed to carry with it any right to publish the process and destroy the secret.

---

[8] It must again be stated that this issue is not properly before this Court for the same reasons heretofore given on the other new issues which Respondents have attempted to inject.

[9] The cases relied upon by Respondents in this connection are generally cases concerning licenses under *patents*, where no question of protecting a *trade secret* is involved, and are not in point as regards the present case.

In the case of *E. I. Dupont de Nemours Powder Co., et al.* v. *Masland, et al.*, 244 U. S. 100, Mr. Justice Holmes ruled:

> "The word property as applied to * * * trade secrets is an unanalyzed expression of certain secondary consequences of the primary fact that the law makes some rudimentary requirements of good faith"

Certainly the arguments now made by respondents are in violation of this precept.

5. *Re pages 36-39.* Respondents say in effect—this case has inconvenienced us for a long time and therefore it should be dismissed. They "tilt at windmills" when they argue that Petitioner should not be given a further opportunity to amend his complaint, because the complaint as amended definitely states a claim upon which relief can be granted.

They also completely disregard or ignore the need for further proceeding in the trial court if, as they contend, there are factual issues to be resolved. They further ignore the tremendously important national issues asserted by the Petitioner and the *Amici Curiae*, for the answering of which certiorari was undoubtedly granted.

Of secondary importance, are the petitioner's personal interests. Respondents continue to harp on the fact that petitioner has had what they consider ample time to pursue his foreign patents, as a reason for their demand. They ignore the basic issue regarding the inventors rights of secrecy, and the fact that that right extends at least throughout the period of pendency of his application for patent. *A. O. Smith Corporation* v. *Petroleum Iron Works Co.*, etc., 73 F. (2d) 531, 537, C. C. A. 6 (1934).

Respondents have attempted to inject new issues and considerations into this action, and to have this Court act as a trial court, with the obvious hope of obscuring and evading the real issues for the settlement of which certiorari was granted. This is not proper judicial procedure and does not support respondents duties to frankly meet the issues in this Court.

6. *Re pages 39-42.* Respondents argue that the secrecy order did not modify their right to publish. Of course, it did not; they had not bargained for and did not have the right to publish, and the secrecy order did not give them any right to publish.

7. *Re pp. 42-43.* Respondents contend that we have in this case petitioner's "private interest" confronted by their "large public exigency," and that on a balancing of the equities involved petitioner fails to state any ground upon which relief should be granted. Nothing is further from the truth. The fact is that **there is a tremendous public interest in the preservation of the initiative and rights of private inventors who deal with government officials in the maintenance of their intellectual property rights against illegal destruction by such officials;** and in the importance of protecting the dignity and property of the individual against the unrestrained exercise of arbitrary "power" by officials who do not hesitate to exceed their authority as government agents to attain their ends and also then, by "hook-or-crook", attempt to avoid the condemnation such practice demands.

The Constitution and statutes enacted pursuant thereto (Pet. Br., pp. 27-31) are designed to protect individuals in the enjoyment of his property against the unrestrained exercise of arbitrary "power" by government agents, whether or not their intentions are

honorable, and such fact should be reiterated by this Court, for the benefit of those government officials who may have forgotten this precept.

These are the reasons why the *Amicus Curiae,* the American Chemical Society, and the Engineers Joint Council, Inc. did not regard this as merely a case of "private interest". The American Chemical Society Brief in this proceeding under the "Interest of the *Amicus Curiae*" states in part:

> **"The importance of this question to members of the American Chemical Society cannot be overstated."**

The Engineers Joint Council, Inc., *Amicus* brief in this same action states in part at p. 1:

> **"Since Engineers Joint Council represents such a vast number of our nation's engineers and the case at bar presents a serious threat to the fundamental rights of our country's engineers and scientists, consent was obtained to file this brief."**

Indeed, it would seem to be quite unlikely that this Court would have even granted certiorari had it considered this as merely a case of a "private interest" as Respondents contend. Our need for an all out and supreme effort from our scientists has not diminished since the Russian Sputnick. In fact, it is probably greater now. The result of this case is being eagerly awaited by the scientific community. If the shoddy treatment accorded this petitioner is condoned, it certainly will not encourage scientists to deal with the Respondents or other government agents who are in positions of great power. It is a fundamental of Justice, engraved on the walls of the Justice Department that "Privilege involves obligations". Similarly,

the greater the "authority" of a government agent, the more diligent should he be to make sure that he does not overstep it in the exercise of his "power", and to realize that his wishes are not necessarily the law.

The Respondents have been granted great authority within the limits imposed by the Constitution. The work they are charged with doing is of the utmost importance to our general welfare. But if they deal with the scientific community arbitrarily and in a confiscatory manner, with no regard for the rights of the individual, such actions are apt to result in another instance of "killing the goose that laid the golden egg". The truth is that Respondents have placed what they deem expedient ahead of the fundamental and constitutional public interests involved. They are so eager to give good things away, that they have completely ignored the effect of their actions on those who produce and have rights in these good things.

Respondents and their employees have been able in most cases to overawe and obtain from most of the persons and scientists with whom they have dealt (who in general are rather meek persons) a complete assignment of pre-existing private rights as the price for doing business with them. Petitioner, however, was not one who would forfeit or convey all of his existing rights as a price of obtaining a contract. Respondents completely overlooked and ignored the fact that they had not forced him to sell out.

They not only incorporated his inventions into the government plants for use by the government (as they could properly do subject to just compensation), and they not only incorporated descriptions of Petitioner's inventions into manuals for confidential instruction of those charged with operating and maintaining those plants (such confidential instructions probably being

a necessary and proper incident to the use of the invention in the plants), but they later decided to publish such descriptions of Petitioner's invention and to give it away to the world at large (obviously not an incident to the use of the invention in the government plants) which right of publication they had not bargained for with the Petitioner.

And even after Petitioner's protest they persisted in their intention to so publish, probably assuming that he would not be able to stop them in any of their activities, or in any way deter them, even if he tried. Fortunately for the Nation (and for the Respondents as well as those who will have to deal with them) this Court has been able to evaluate the interests involved and has seen fit to hear Petitioner to assure that government by law and not by men, is maintained.

8. *Re pages 43-45.* Respondents' arguments as to the scope of the restraints in force and sought, i.e., that the restraining order and injunction sought "extend to processes wholly owned by the Commission", and their corollary argument that they have been excessively hampered by the restraining orders, have no substance. The orders in effect, and sought, go only to petitioner's improved process. Respondents say they have commingled Petitioner's trade secret with information they own in only 40 out of 1000 documents they wish to publish (Br. for Resp. in Opp. p. 12). As pointed out in items 11 and 15 of Petitioner's reply thereto, the order now in force and sought would not prevent publication of the 960 other documents, or even of the 40 commingled documents with the disclosures of Petitioner's improvements deleted therefrom. Obviously what respondents want is to publish Petitioner's trade secret, not merely their own information, and their contrary assertions are but camouflage.

9. *Re pages 45-47.* Respondent's argument that the injunction sought is indefinite as to time, and their corollary argument that Petitioner should forego his statutory rights, are clearly untenable.

A trade secret should be protected as long as it remains a trade secret. A matter *malum in se* today is just as bad tomorrow. Mere lapse of time does not convert wrong into right. Obviously the restraint sought by Petitioner, even if it did not say so in terms, would be subject to modification on a showing to the Court which issued it that the trade secret had ceased to exist, as such, after the order was issued.

The corollary argument attempts to present a non-analogous "exceptional case" as the general rule. This Court, speaking through Mr. Chief Justice Taft, in the case of *Overland Co.* v. *Packard Co., et al.,* 274 U. S. 417, (relegated to footnote by Respondents) stated the general rule that no one forfeits anything by availing himself of his statutory rights, and pointed out that the case of *Woodbridge* v. *United States,* 263 U. S. 50, (erroneously relied on by Respondents) was an "exceptional case" in which the inventor had *failed to comply with the statute,* and in which the Court was called upon to determine whether under *special legislation* for his relief, his delay of 9 years after such failure constituted *laches,* absence of which was made a condition of the relief. Thus the case of *Overland Co.* v. *Packard Co., et al.,* is in point here and supports Petitioner's position; while the *Woodbridge* case is not in point.

10. *Re pages 48-49.* Respondents' argument 3, that petitioner will have an adequate remedy at law for the damages which may be caused by the threatened publication, is based upon assumptions not supported by

the record and is also not supported by the authorities relied on. (a) *First* (p. 48) the Respondents assert Petitioner may *seek* compensation by an action for Breach of contract, relying on the *DeForest* case, the *Bofors* case, and the *Purifier* case, cited.

The *Bofors* case serves clearly to illustrate the *distinction* between the situation imagined by respondents, and that actually existing in this case. There Bofors licensed the United States to use its secret process to make guns in the United States "for United States use." The United States made the guns, using the secret process as arranged, but then transferred the guns to its allies for use by them. The court below properly held that such transfer was a breach of the express agreement to use the secret process only in making guns for United States use, and it was agreed by complainant that compensation was an adequate remedy for such breach. But in *Bofors* the United States was properly using the secret process in confidence; it was *preserving the trade secret* which was the *res* of the contract. To the contrary, in the present case the Respondents seek, by the threatened *publication,* to *destroy* the trade secret which is the *res* of the contract. The petitioners trade secret is as *unique* as a painting by Raphael. A contract for the right to display such a unique painting to a particular audience could be breached by displaying it to a different audience. But clearly on receipt of a threat to *destroy the unique Raphael painting,* the owner thereof would be entitled to an injunction against such destruction, *whether or not he could sue for damages for a breach of an implied warranty to preserve the res, if such destruction were accomplished.* In the case of *unique* property, threatened destruction is abhorrent and warrants injunctive

relief; the mere right to seek compensation is not an adequate remedy for destruction of unique property, and therefore is not properly relied on by the Respondents as a reason why they should be permitted to consumate their intended act of vandalism.

The *DeForest* and *Purifier* cases have no relevancy.[10]

(b) And this same distinction between "destruction" and "use of the *res* beyond the limits of the contract" of course applies regardless of whether the inadequate remedy is based on (first) breach of an express or implied contract not to destroy, or (second) on an implied promise to pay for any damage from unauthorized action. In either event destruction of the unique property should be prevented, not condoned.

On the subject of right to an injunction generally to restrain a disclosure of a trade secret, see annotation, "Rights and remedies (Independently of patent laws) of one whom makes an invention or discovery, or conceives an idea or plan, as against one who * * * discloses it, or threatens to do so.", 170 A. L. R. 449, which states in part commencing at p. 471:

> "Independently of patent laws, an inventor or discoverer, or one standing in his position, will be granted appropriate relief in respect of . . . dis-

---

[10] The *Purifier* case merely indicated that the requisites of an implied contract "do not have to appear by the express declarations of the parties" and "may be collected from their conduct." This is of course true, but does not have any relevancy as to whether an injunction should be issued to prevent unconscionable destruction of unique property for which damages could never be an adequate remedy.

The *DeForest* case merely reiterated the well known rule that a licensee of one of two parties each having a right to grant licenses under a patent is immune from suit for infringement by the other. It turned on whether the express contract was in fact a license contract, and has no relevancy here.

> closure by one whose knowledge of the invention, discovery, process, etc., was obtained "in confidence", or through a confidential relationship, . . . the relief . . . extends generally to any person as to whom 'rudimentary requirements of good faith' give basis for judicial action. . . . An inventor or discoverer, or one in his position, will ordinarily be granted an injunction against threatened . . . disclosure of the unpatented device, discovery, process, formula, or other trade secret, whether the threat is that of a confidential disclosee or of one who acquired knowledge of the invention, etc. through fraud, theft, conspiracy, or breach of confidence. In fact, most of the cases are injunction cases, the usual ground of relief being the *irreparable character of the threatened injury* and the *inadequacy of the remedy at law.* * * * "

(c) The third argument of the respondents, (p. 49) that the threatened publication could be regarded as a "taking" of private property for public use, is also untenable. This argument of course presupposes that there is proper statutory authority for the eminent domain "taking and publication of a trade secret". No statutory authority for such an unconscionable misuse of eminent domain has been shown. Any attempt to *infer* such is clearly contrary to any reasonable interpretation of the statute. As stated by the *Engineers Joint Council, Inc.* (Br. Amicus E. J. C., p. 8):

> **"The Constitution requires compensation only for property taken for a public use; no public use of petitioner's property is being contemplated by the premature disclosure and publication thereof, but merely the destruction of the same."**

CONCLUSION

For the foregoing reasons, the judgment of the Court below should be vacated, the District Court's ruling of mootness should be reversed, and a preliminary injunction should issue to preserve the Petitioner's rights.

Respectfully,

CARLETON U. EDWARDS, II,
JOSEPH Y. HOUGHTON,
BERNARD MARGOLIUS,
Attorneys

SUPPLEMENTAL APPENDIX I

(Exhibit B—R. 75)

JEROME S. SPEVACK
17 Chittenden Avenue
New York 33, N. Y.

July 2, 1948

Att: Mr. L. Burns
Atomic Energy Commission
70 Columbus Avenue
New York, N. Y.

Dear Mr. Burns:

This letter is sent to you, at your request, so that the matters in issue between us can be reviewed and clarified with a view towards the ultimate consummation of a mutually satisfactory arrangement.

On May 27th, 1948, I commenced discussions with your office relative to the potential use of the Dual-Temperature Process for the production of Heavy Water at a very low cost. You were familiar with the fact that I am the sole inventor of the basic process, which has been made the subject of a patent application. Moreover, I have informed you that I believe that I can make certain improvements thereto directed towards the reduction of operating costs to an extremely attractive level, namely, approximately $5.00 per pound.

You and your colleagues suggested that I accept from the Commission a retainer as a consultant for the purpose of reviewing this process and of evaluating it in the light of the proposed improvements and economies. It was also suggested that this retainer include the preparation and submission by me of a design and cost estimate for the construction of a pilot plant to reduce this process to engineering practice. However, inasmuch as your said proposal provided for the waiver and extinguishment of whatever rights, which I may now have or which might otherwise hereafter accrue to me, to compensation or other emolument under existing regulations and procedures, it has not been possible for us to arrive at a mutually satisfactory arrangement to date.

I think we are agreed that the proposed improvements should be refined without delay and that the basic process and improvements are of such importance and interest to the Government that a definite contractual basis is highly desirable at this time.

I, therefore, propose a contract to provide for the following:

1. That I immediately proceed to refine the improvements.

2. That I then re-evaluate the process and improvements relative to plant and production costs.

(R. 76)

3. That I prepare and submit a design, operating specification, and a schedule covering the construction time and cost for a pilot plant.

4. Reimbursement for working time expended, which I estimate will consist of a total of approximately 300 to 500 man hours, by myself and possibly one or two assistants.

5. That reimbursement for working time shall not be considered as payment of any royalty, compensation, award or other benefits provided for under the Atomic Energy Act of 1946 nor shall such reimbursement serve as the basis for the characterization of this work as Federally financed research.

6. That if no arrangement for adequate compensation over and above reimbursement for working time is provided, then all rights which I now or hereafter may have to apply for royalty, compensation, award or other benefits in connection with this process and improvements under the Atomic Energy Act of 1946, shall be specifically reserved unto me.

7. All assignments of patents which may be applied for in connection with this project shall be limited solely to those assignments which are required under the Atomic Energy Act of 1946.

I trust that the foregoing will help to consummate a mutually satisfactory arrangement. However, even if no

such arrangement is entered into, I am nevertheless, willing to prepare and submit to the Commission upon its request, promptly upon completion and at no expense to the Government, a report of the re-evaluation of this process in the light of the proposed improvements.

Thanking you for your many courtesies and consideration, and awaiting your further word, I am

Sincerely,

/s/ JEROME S. SPEVACK

JSS/r